

POLICY DEEP DIVES COUNTY HOUSING PROGRAMS AND POLICIES

Howard County Housing Opportunities
Master Plan
October 20, 2020

RCLCO
REAL ESTATE ADVISORS

AGENDA

Introduction, “Ground Rules,” and Challenges To Address (10 minutes)

Key Approaches (20 minutes each)

- ▶ Improving housing sector coordination and boosting capacity
- ▶ Raising and deploying capital for affordable housing
- ▶ Supporting low-income households, vulnerable populations, and households with specialized needs

Additional Topics for Discussion (as time allows)

- ▶ Significantly expand landlord outreach programs and/or negotiate rental agreements with property owners
- ▶ Study results/impacts of COVID-19 relief measures and adopting standing protocols
- ▶ Remove or adjust household occupancy requirements
- ▶ Expand resources for tenant legal assistance
- ▶ Create/manage a housing matching service/searchable database of accessible units
- ▶ Expand asset building/stability programs for low income households
- ▶ Expand availability of emergency housing assistance
- ▶ Facilitate and/or provide community-based supports that enable independent living for potentially vulnerable households

CHALLENGES FOR DISCUSSION

- ▶ Howard County lacks a cohesive strategy for prioritization, policy/program design, and resource allocation.
- ▶ Existing resources are not sufficient to meet current and future capacity and demands (schools, transportation, etc.) while also dedicating funds to housing goals.
- ▶ It continues to be difficult to supply housing for diverse populations, with significant needs going forward.
- ▶ The COVID-19 pandemic and associated economic disruption is exposing and exacerbating housing insecurity.

IMPORTANCE OF COUNTY POLICIES & PROGRAMS

County interventions are necessary to address needs that the market cannot reach.

New funding resources are critical to addressing housing needs.

However, new structures and systems are needed to create a new housing policy framework and effectively deploy resources.

Interventions fall into three categories:

- ▶ Improving housing sector coordination and boosting capacity.
- ▶ Raising and deploying capital for affordable housing production and preservation.
- ▶ Supporting low-income households, vulnerable populations, and households with specialized needs.

IMPROVING HOUSING SECTOR COORDINATION & BOOSTING CAPACITY

- Given outstanding housing needs, effective coordination and prioritization is critical.
- This plan will likely recommend the expansion of programs and resources, which would increase the importance of planning, evaluation, and accountability.
- Intra-governmental partnerships and greater coordination with the private and nonprofit sectors are critical to accomplishing housing goals.

Key Policy Interventions:

- ▶ Create an inter-agency affordability task force, identify opportunities for collaboration in decision making processes, and prioritize collective resources to maximize impact.
- ▶ Facilitate better coordination among nonprofit sector (joint planning, fundraising, back office support).
 - » Discussed in more detail at end of presentation

IMPROVING HOUSING SECTOR COORDINATION & BOOSTING CAPACITY

Create an inter-agency affordability task force, identify opportunities for collaboration in decision making processes, and prioritize collective resources to maximize impact.

- More intentional planning, measurement, and evaluation efforts are necessary to efficiently scale up affordable housing efforts.
- Without effective coordination, policies related to planning, housing, and social services are less efficient, and at worst, can work at cross-purposes.

Specific recommended changes:

- ▶ Create an inter-agency working group with DPZ, HCD, and CRS
- ▶ Adopt MOUs or other formal agreements necessary to coordinate cross-agency activities and expenditures
- ▶ Identify, track, and publish affordability and production targets
- ▶ Adopt budgeting metrics that track these targets
- ▶ Create a formal role for HCD and CRS staff in all planning/zoning efforts with a residential nexus

Regional/National Examples:

- ▶ Arlington, VA Affordable Housing Master Plan Annual Reports

RAISING & DEPLOYING CAPITAL FOR AFFORDABLE HOUSING PRODUCTION & PRESERVATION

- Existing resources are insufficient to meet the need for income-restricted, subsidized housing.
- Resources and policies that create income-restricted affordable housing can serve as a platform for addressing deeper income targeting and specialized housing needs.
- Partnerships with philanthropic organizations, anchor institutions, and other third parties can increase potential resources.

Key Policy Interventions:

- ▶ Create new funding resources for affordable housing investment.
- ▶ Establish an affordable housing trust fund for capital investment in affordable housing.
- ▶ Explore social impact bonds to address the needs of diverse populations.

RAISING & DEPLOYING CAPITAL FOR AFFORDABLE HOUSING PRODUCTION & PRESERVATION

Create new funding resources for affordable housing investment.

- Existing affordable housing resources are insufficient to meet current and projected housing needs.
- A diverse revenue base for affordable housing can protect against market shifts and political changes.

Options for consideration

- ▶ Fee-in-lieu revenues
- ▶ Property tax surcharges (levies, special assessments)
- ▶ Portion of sales tax
- ▶ Issue specific taxes (recordation taxes, AirBnB taxes, McMansion tax)
- ▶ TIF and/or special assessment districts
- ▶ Annual discretionary appropriations
- ▶ Bond issuance (potentially backed by dedicated revenue source)

Considerations for discussion:

- ▶ Priority for new funding resources – capital investment vs. rental assistance.
- ▶ Intersection with MIHU
 - » Additional unit production via MIHU frees up capital for other purposes
 - » Should MIHU be viewed as a unit production of fee generating program?

Regional/National Examples:

- ▶ Seattle Housing Levy
- ▶ Alexandria, VA Meals Tax Percentage

RAISING & DEPLOYING CAPITAL FOR AFFORDABLE HOUSING PRODUCTION & PRESERVATION

Establish an affordable housing trust fund for capital investment in affordable housing.

- Trust funds create formal, coordinated, and predictable structures for allocating housing capital.
- Implementing a trust fund can create the certainty necessary to expand the affordable development pipeline.
- Local investments can leverage larger sums of external resources.

Specific recommended changes:

- ▶ Allocate trust fund resources as gap financing for projects leveraging other sources of capital, such as LIHTC.
- ▶ “Seed” fund with large upfront allocation (bonding, direct appropriation, etc.)
- ▶ “Revolve” funds as they are repaid.
- ▶ Consolidate existing funding sources conducive to production within the Trust Fund.
- ▶ Create a defined and clear regulatory and allocation structure with predictable rules and procedures.
- ▶ Align timeline and regulations with primary funding source allocation procedures.

Considerations for discussion:

- ▶ Legally binding structure vs. policy-based structure.
- ▶ Which existing funding sources are most appropriate for the Trust Fund vs. serving other housing needs?

Regional/National Examples:

- ▶ Montgomery County, MD Housing Initiative Fund
- ▶ Arlington, VA Affordable Housing Investment Fund
- ▶ DC Housing Production Fund

RAISING & DEPLOYING CAPITAL FOR AFFORDABLE HOUSING PRODUCTION & PRESERVATION

Explore social impact bonds to address the needs of diverse populations

- Social impact bonds are financing mechanisms that seek to bring in private capital to address complex housing need.
- Housing challenges that are more likely to be better-served by a social impact bond model often have the following characteristics:
 - Addressing the need at scale requires a relatively large amount of upfront capital.
 - Addressing the need would result in longer-term cost savings to the government, but not necessarily to the agency funding the intervention: the “wrong pocket problem.”
 - Private investors provide capital with philanthropic entities often mitigating risk; government repays if pre-defined goals are met.
 - Research partners measure and evaluate outcomes.

Specific recommended changes:

- ▶ Create a committee to study social impact bond model, identify needs to be addressed, and explore partner outreach.
- ▶ Allocate funding to conduct a feasibility study.

Considerations for discussion:

- ▶ Potential areas of focus:
 - » Assisted living or service enriched housing for seniors/persons with disabilities;
 - » Housing for people returning from incarceration;
 - » Permanent supportive housing for chronically homeless individuals

Regional/National Examples:

- ▶ Denver Supportive Housing Social Impact Bond Initiative

SUPPORTING LOW-INCOME HOUSEHOLDS, VULNERABLE POPULATIONS, AND HOUSEHOLDS WITH SPECIALIZED NEEDS

- Diverse populations (e.g., non-white households, households with disabilities, and senior households) are more likely to be “cost-burdened” than the general population as a whole.
- It is important to proactively address systemic barriers and advance economic opportunity for groups that have traditionally experienced discrimination.

Key Policy Interventions:

- ▶ Create a local rental assistance program.
- ▶ Expand access to homeownership through permanently affordable/shared equity homeownership programs.
- ▶ Conduct a neighborhood accessibility/mobility assessment and inventory with a specific focus on identifying areas with characteristics that facilitate more independent living opportunities for seniors, persons with disabilities, or other needs.

SUPPORTING LOW-INCOME HOUSEHOLDS, VULNERABLE POPULATIONS, AND HOUSEHOLDS WITH SPECIALIZED NEEDS

Create a local rental assistance program.

- Rental assistance has been shown to enhance housing stability.
- Many very low-income households cannot afford the rents in affordable properties that received capital subsidies.
- The need for rental assistance outstrips available resources.

Specific recommended changes:

- ▶ Create a local program that produces a universal benefit.
- ▶ Scale specific targeting to consistent revenue source.

Considerations for discussion:

- ▶ Flat amount vs. “Brooke rule structure”
- ▶ Who is the targeted population?

Regional/National Examples:

- ▶ Arlington, VA Housing Grant program
- ▶ Portland, OR Short-Term Rental Assistance program

SUPPORTING LOW-INCOME HOUSEHOLDS, VULNERABLE POPULATIONS, AND HOUSEHOLDS WITH SPECIALIZED NEEDS

Expand access to homeownership through permanently affordable/shared equity homeownership programs.

- Reorienting homeownership programs toward permanent affordability helps establish the “first rung on the ladder” to wealth creation through homeownership.
- Though homeownership should not be viewed as a “necessity” to create wealth, it has historically served this purpose for segments of the population. Minorities – and African-Americans in particular – were deliberately excluded from this opportunity through discriminatory practices such as redlining, capital disinvestment, “block busting” and predatory capital products, among others.
- Addressing access to homeownership can be an important affirmative step to addressing the wealth gap and limited economic mobility experienced by disadvantaged groups and victims of discrimination.
- Proactive expansion of the shared equity portfolio (through new development or acquisition) can help integrate communities with high levels of homeownership-oriented housing stock and high values.

Specific recommended changes:

- ▶ Use downpayment assistance, second mortgages to help acquire/preserve existing lower-cost units
- ▶ Establish procedures for robustly enforcing resale process.
- ▶ Require shared equity structures for units created through new inclusionary requirements (for example, embedded in neighborhood plans).

Considerations for discussion:

- ▶ Are there existing entities that can implement shared equity programs in new development context?

Regional/National Examples:

- ▶ Relatively common element of homeownership aspect of inclusionary housing policies (Fairfax, VA; Montgomery County, MD)
- ▶ Community Homes Trust, Chapel Hill, NC
- ▶ Habitat for Humanity of Frederick County, MD
- ▶ Thomas Jefferson Land Trust, Charlottesville, VA
- ▶ Douglas Community Land Trust, Washington, DC

SUPPORTING LOW-INCOME HOUSEHOLDS, VULNERABLE POPULATIONS, AND HOUSEHOLDS WITH SPECIALIZED NEEDS

Conduct a neighborhood accessibility/mobility assessment and inventory with a specific focus on identifying areas with characteristics that facilitate more independent living opportunities for seniors, persons with disabilities, or other needs.

Specific recommended changes:

- ▶ Make zoning changes, tactical infrastructure investments in “tipping point” neighborhoods
- ▶ Incorporate lessons from this assessment into future neighborhood plans, updates of existing zoning policies, etc.

Regional/National Examples:

- ▶ Evaluation and best practices compiled by AARP, World Health Organization

IMPROVE HOUSING SECTOR COORDINATION AND BOOST CAPACITY

Facilitate better coordination among nonprofit sector

- The current nonprofit service provider model is well regarded, but resources are spread relatively thin across a relatively large number of entities.
- Though groups work to coordinate, the fragmented structure inhibits economies of scale
- Greater support for collaboration could increase efficiency and reach of nonprofit providers.

Specific recommended changes:

- ▶ Provide additional resources for operations and general support.
- ▶ Create a joint strategy for fundraising from major funders/institutions.
- ▶ Increase back office support.
- ▶ Explore opportunities for pooled benefits.

Considerations for discussion:

- ▶ Should specific functions/service be brought “in house” to the County government?

Regional/National Examples:

- ▶ Vermont Housing and Conservation Board operating support and technical assistance to nonprofit developer network
- ▶ City of Chapel Hill, NC operating support for Community Homes Trust administration of shared-equity program

ADDITIONAL TOPICS FOR DISCUSSION

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ADDITIONAL TOPICS FOR DISCUSSION

Significantly expand landlord outreach programs and/or negotiate rental agreements with property owners

- Landlord outreach programs open access to private-market units that individual households may struggle to access on their own.
- Landlord incentives are generally lower-cost interventions that expand housing choice for vulnerable households.
- Rental agreements (direct leases, rights-of-first refusal for units, etc.) can create affordable housing opportunities in neighborhoods with few or no income-restricted properties.

Specific recommended changes:

- ▶ Expand resources available for staffing and incentives.
- ▶ Increase marketing to landlords.
- ▶ Use outreach process to identify opportunities for deeper engagement (including acquisition/preservation).

Regional/National Examples:

- ▶ Lotus, Charlotte, NC
- ▶ Landlord Assistance Program, Seattle, WA
- ▶ Montgomery County, MD Apartment Assistance Program
- ▶ New York City Landlord Ambassadors Program

ADDITIONAL TOPICS FOR DISCUSSION

Study results/impacts of COVID relief measures and adopt standing protocols for responding to future disasters

- The severity of COVID-19 and the scale of the response required the creation of new programs and adoption of new protocols.
- There is an opportunity to use these efforts to inform more proactive disaster responses moving forward.

Specific recommended changes:

- ▶ Create a formal evaluation structure for COVID-19 relief efforts.
- ▶ Establish MOUs among administering entities to formalize the protocol for future disaster response efforts.
- ▶ Consider whether capacity building resources are necessary to maintain basic staffing, systems and infrastructure for rapid response.
- ▶ Incorporate best practices learned into standing programs such as rental assistance, emergency tenant assistance, etc.

Regional/National Examples:

- ▶ FEMA disaster readiness planning/MOUs/agreements in disaster-prone communities

ADDITIONAL TOPICS FOR DISCUSSION

Remove or adjust household occupancy requirements related to family status

- Outdated definitions of “family” or capping the number of unrelated individuals that may live in a unit create barriers for non-traditional family structures, and limit alternate living arrangements, roommates, and supportive home sharing.

Specific recommended changes:

- ▶ Remove references in the zoning code limiting the number of unrelated individuals that can live in an individual unit.
- ▶ Maintain regulations related to crowding that preserve health and safety.

ADDITIONAL TOPICS FOR DISCUSSION

Expand resources for tenant legal assistance, including to ensure compliance with laws related to housing quality and accessibility.

- Tenants face information and resource barriers in disputes with landlords, and may not be fully aware of their legal rights.
- Access to counsel can improve tenant outcomes when landlords initiate proceedings.
- Access to counsel is important to tenants seeking recourse when a landlord is in violation of safety, housing quality, and accessibility requirements.

Specific recommended changes:

- ▶ Expand resources for tenant legal assistance.
- ▶ Expand proactive outreach efforts to both tenants and landlords.

Regional/National Examples:

- ▶ Montgomery County, MD Apartment Assistance Program and Landlord-Tenant Mediation Program

ADDITIONAL TOPICS FOR DISCUSSION

Create/manage a housing matching service/searchable database of accessible units and features to match households with available units

- Developers are required to provide accessible units.
- Despite significant needs for accessible units, units sometimes go vacant due to mismatches in timing, limited information, and affordability challenges.

Specific recommended changes:

- ▶ Create information resources and case management to match tenants with accessibility needs to appropriate units.
- ▶ Create a waitlist structure for households seeking accessible units.
- ▶ Negotiate with landlords to reduce penalties for tenants who terminate a lease in order to access an accessible unit; consider small grants to households to cover the cost of moving.

ADDITIONAL TOPICS FOR DISCUSSION – MORE INFORMATION NEEDED

The following programs were identified as important by practitioners and are currently administered in the County, and best practices confirm the importance of such interventions for housing needs.

- ▶ Expand asset building/stability programs for low income households
- ▶ Expand availability of emergency housing assistance
- ▶ Facilitate and/or provide community-based supports that enable independent living for potentially vulnerable households

Discussion question: Beyond funding levels, are there specific policy changes that improve impact/effectiveness of these programs?

ADDITIONAL DISCUSSION



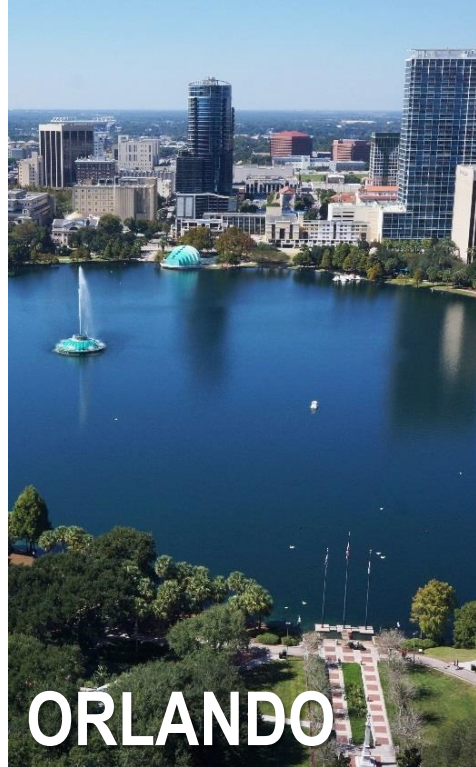
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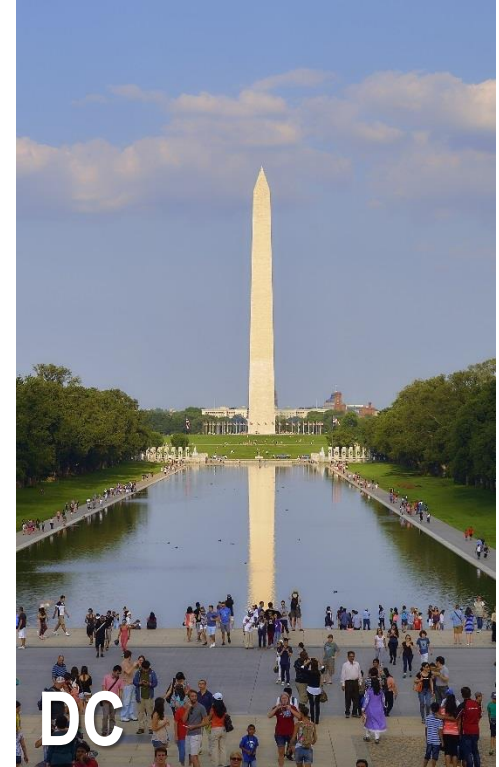
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